

September 10, 1998

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PSC APPROVES INTERIM RATE INCREASE FOR MOUNTAIN WATER CO.

In an interim order pending final resolution of Mountain Water Co.'s rate case, the state Public Service Commission has approved a 10-percent rate increase for the company's Missoula customers.

The interim rate increase, which will generate \$857,386 in additional annual revenue for Mountain Water, will apply only to flat-rate and metered customers. Rates will not change at this time for public and private fire protection, for qualified low-income customers and for sprinkling customers who have already paid for this year's lawn sprinkling.

Mountain Water originally requested a 17-percent interim rate increase to raise \$1.4 million in additional annual revenue when the company submitted its rate case to the PSC in May, but that amount was pared down to 10 percent in August based on adjustments and reductions by PSC and Montana Consumer Counsel auditors. Adjustments were made to the company's revenue calculations and to its requested rate of return. Additional reductions were achieved through a purchase power adjustment for flat-rate sprinkling, a lower workers' compensation rate and travel savings.

The PSC will hold a hearing in Missoula next January on the pending rate case. The commission will hear from representatives of Mountain Water, the City of Missoula and the Montana Consumer Counsel, which represents residential and small business customers in PSC proceedings. A specific time slot will be set aside to hear from Mountain Water customers.

In its filing last May, Mountain Water requested a permanent rate increase of \$1.6 million in annual revenue. According to the company's filing, the driving force for the rate hike request was the company's need to recover \$6.72 million in infrastructure investments, which included connecting the stand-alone water systems of East Missoula and the Momont/Airport area to the main Missoula water system. Other investments included the costs of looping, replacement and installation of new mains to improve or correct water quality, water flows, leakage and redundancy of flow for domestic and fire flows.

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